

GUADALUPE COYOTE RESOURCE CONSERVATION DISTRICT  
AUDITED FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT  
JUNE 30, 2020 AND 2019



GUADALUPE-COYOTE RESOURCE CONSERVATION DISTRICT  
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JUNE 30, 2020 AND 2019

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Guadalupe-Coyote Resource Conservation District  
San Jose, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of the Guadalupe-Coyote Resource Conservation District (the "District"), as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, of the District as of June 30, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Harshmal & Company LLP*

Oakland, California  
December 22, 2023

**GUADALUPE-COYOTE RESOURCE CONSERVATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

This section of Guadalupe-Coyote Resource Conservation District (the "District") financial report presents a discussion and analysis of the District's financial performance for the year ended June 30, 2020 and 2019. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section.

**FINANCIAL HIGHLIGHTS**

The District's total net position of \$486,988 as of June 30, 2020, represents an increase of \$91,109 from the fiscal year 2019 total of \$395,879. Changes to net position resulted from the changes in the following items shown in the table of *Change in Net Position*.

- Operating revenues totaled \$314,371 in fiscal year 2020, decreased by \$21,945 over fiscal year 2019's amount of \$336,316. This was the result of majorly a \$36,536 (47.77%) decrease in revenue from grants and contracts and a \$13,642 (5.25%) increase in property taxes and assessments revenue.
- Operating expenses totaled \$230,848 in fiscal year 2020. The two most significant categories are *Programs and Projects* and *Salaries and Benefits* comprising 24.34% and 61.88% respectively. The operating expenses represent a increase of \$8,693 from the fiscal year 2019 total of \$222,155.
- For fiscal year 2020 and 2019, nonoperating revenues include interest income. Interest income represents a decrease of \$85 in year 2020 compared to year 2019. There are no nonoperating expenses for either fiscal year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise two components: (1) Basic financial statements and (2) Notes to the basic financial statements. Required Supplementary Information is included in addition to the basic financial statements.

**Basic financial statements**

The statement of net position provides information about the financial position of the District as a whole, including all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the two, reported as net position and reported on the full accrual basis, similar to that used by corporations. Over time, increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the District is improving or deteriorating.

The statements of revenues, expenses, and changes in net position, which is on the full accrual basis, provides information about all the District's revenues and all its expenses, with the emphasis on measuring net revenues or expenses of the District's programs. The statement of activities explains in detail, the change in net position for the year.

All of the District's activities are grouped into business type-activities. These services are supported by the grants and contracts and property taxes and assessments revenues.

For the fiscal year ended June 30, 2020 and 2019, the District's only fund is the general fund.

**GUADALUPE-COYOTE RESOURCE CONSERVATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

**Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements.

**FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a financial position. In the case of the District, assets exceeded liabilities by \$486,988 at the close of the fiscal year 2020.

**Statements of Net Position  
(Condensed)**

	Business-Type Activities			
	2020	2019	Change	% Change
<b>Assets</b>				
Current assets	\$ 516,900	\$ 428,891	\$ 88,009	20.52 %
Total assets	516,900	428,891	88,009	20.52 %
<b>Liabilities</b>				
Accounts payable	6,122	14,413	(8,291)	(57.52)%
Compensated absences payable	23,790	18,599	5,191	27.9 %
Total liabilities	29,912	33,012	(3,100)	(9.39)%
Net Position	\$ 486,988	\$ 395,879	\$ 91,109	23.01 %

This schedule is prepared from the District's Statements of Net Position, which is presented on the accrual basis of accounting whereby capital assets are capitalized and depreciated. Currently, the District has no noncurrent assets.

**GUADALUPE-COYOTE RESOURCE CONSERVATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

**Statements of Revenues, Expenses, and Change in Net Position  
(Condensed)**

	Business-Type Activities			
	2020	2019	Change	% Change
<b><i>OPERATING REVENUES</i></b>				
Grants and contracts	\$ 39,944	\$ 76,480	\$ (36,536)	(47.77)%
Property taxes and assessments	273,478	259,836	13,642	5.25 %
Other revenue	949	-	949	100.00 %
Total operating revenues	<u>314,371</u>	<u>336,316</u>	<u>(21,945)</u>	<u>(6.53)%</u>
<b><i>OPERATING EXPENSES</i></b>				
Salaries and benefits	142,851	147,351	(4,500)	(3.05)%
Services and supplies	31,812	41,949	(10,137)	(24.17)%
Programs and projects	56,185	32,855	23,330	71.01 %
Total operating expenses	<u>230,848</u>	<u>222,155</u>	<u>8,693</u>	<u>3.91 %</u>
Operating income/(loss)	<u>83,523</u>	<u>114,161</u>	<u>(30,638)</u>	<u>(26.84)%</u>
<b><i>NONOPERATING REVENUES (EXPENSES)</i></b>				
Interest income	7,586	7,671	(85)	(1.11)%
Total nonoperating revenues (expenses)	<u>7,586</u>	<u>7,671</u>	<u>(85)</u>	<u>(1.11)%</u>
Change in net position	<u>91,109</u>	<u>121,832</u>	<u>(30,723)</u>	<u>(25.22)%</u>
Net position, beginning of year	395,879	273,459	122,420	44.77 %
<i>Restatement</i>	-	588	(588)	(100.00)%
Net position - beginning of year, <i>restated</i>	<u>395,879</u>	<u>274,047</u>	<u>121,832</u>	<u>44.46 %</u>
Net position, end of year	<u>\$ 486,988</u>	<u>\$ 395,879</u>	<u>\$ 91,109</u>	<u>23.01 %</u>

**GUADALUPE-COYOTE RESOURCE CONSERVATION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

**CAPITAL ASSETS**

The District does not currently own any capital assets.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Guadalupe-Coyote Resource Conservation District - 888 North First Street, Suite 204, San Jose, CA 95112, or by sending an email to *gcrd@gcrd.org*.



## **BASIC FINANCIAL STATEMENTS**

**GUADALUPE-COYOTE RESOURCE CONSERVATION DISTRICT**  
**STATEMENTS OF NET POSITION**  
**JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 485,241	\$ 422,409
Accounts receivable	<u>31,659</u>	<u>6,482</u>
Total assets	<u>516,900</u>	<u>428,891</u>
<b>LIABILITIES AND NET POSITION</b>		
<b>LIABILITIES</b>		
Accounts payable	6,122	14,413
Compensated absences payable	<u>23,790</u>	<u>18,599</u>
Total liabilities	<u>29,912</u>	<u>33,012</u>
<b>NET POSITION</b>		
Unrestricted net position	<u>486,988</u>	<u>395,879</u>
Total net position	<u>486,988</u>	<u>395,879</u>
Total liabilities and net position	<u>\$ 516,900</u>	<u>\$ 428,891</u>

The accompanying notes are an integral part of these financial statements.

**GUADALUPE-COYOTE RESOURCE CONSERVATION DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b><i>OPERATING REVENUES</i></b>		
Grants and contracts	\$ 39,944	\$ 76,480
Property taxes and assessments	273,478	259,836
Other revenue	<u>949</u>	<u>-</u>
Total operating revenues	<u>314,371</u>	<u>336,316</u>
<b><i>OPERATING EXPENSES</i></b>		
Salaries	129,075	131,845
Payroll taxes	8,084	8,084
Vacation leave	5,192	7,061
Worker's compensation	500	361
Watershed capital project	26,090	18,181
Professional and contractual services	10,194	20,247
Printing and reproduction	23	-
Communications	2,276	2,047
Grants - special districts	26,115	10,464
Insurance	2,346	2,333
Office supplies	61	139
Lease - building and improvements	15,200	14,400
Membership dues	1,024	1,100
Transportation and travel	230	1,066
Food and refreshments	695	757
Security services	1,925	2,200
Miscellaneous	<u>1,818</u>	<u>1,870</u>
Total operating expenses	<u>230,848</u>	<u>222,155</u>
Operating income	<u>83,523</u>	<u>114,161</u>
<b><i>NONOPERATING REVENUES (EXPENSES)</i></b>		
Interest income	<u>7,586</u>	<u>7,671</u>
Total nonoperating revenues	<u>7,586</u>	<u>7,671</u>
Change in net position	91,109	121,832
Net position, beginning of year	395,879	273,459
<i>Restatement</i>	<u>-</u>	<u>588</u>
Net position - beginning of year, <i>restated</i>	<u>395,879</u>	<u>274,047</u>
Net position, end of year	<u>\$ 486,988</u>	<u>\$ 395,879</u>

The accompanying notes are an integral part of these financial statements.

**GUADALUPE-COYOTE RESOURCE CONSERVATION DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
Grants and contracts	\$ 15,716	\$ 89,256
Property taxes and assessments	273,478	259,836
Payment to contractors/suppliers for goods and services	(96,288)	(79,983)
Payment to employees	<u>(137,660)</u>	<u>(140,290)</u>
Net cash provided by operating activities	<u>55,246</u>	<u>128,819</u>
<b>Cash flows from investing activities</b>		
Prior period adjustment	-	588
Interest income	<u>7,586</u>	<u>7,671</u>
Net cash provided by investing activities	<u>7,586</u>	<u>8,259</u>
Net change in cash and cash equivalents	62,832	137,078
Cash and cash equivalents - beginning of the year	<u>422,409</u>	<u>285,331</u>
Cash and cash equivalents - end of the year	<u>\$ 485,241</u>	<u>\$ 422,409</u>
<b>Reconciliation of net operating revenues (expenses) to net cash provided (used) by operating activities</b>		
Operating income/(loss)	\$ 83,523	\$ 114,161
Adjustments to reconcile operating income/(loss) to net cash provided (used) by operating activities:		
Accounts receivable:		
Grants and contracts receivable	(25,177)	12,776
Accounts payable	(8,291)	(5,179)
Compensated absences payable	<u>5,191</u>	<u>7,061</u>
Net cash provided by operating activities	<u>\$ 55,246</u>	<u>\$ 128,819</u>

The accompanying notes are an integral part of these financial statements.

**GUADALUPE-COYOTE RESOURCE CONSERVATION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 1 - GENERAL INFORMATION**

Guadalupe-Coyote Resource Conservation District (the "District") was originally established as the Evergreen Resource Conservation District under the authority of Section 35100 of the California Public Resources Code. In May of 1977, it annexed the Black Mountain Resource Conservation District, and in February 1, 1993 it adopted its current name. The area of the District includes, partially or wholly, the cities of San Jose, Campbell, Los Gatos, Milpitas, Los Altos, New Almaden, Coyote and Saratoga.

The purpose of the District is to preserve the basic resources of the state, soil, water and air through the establishment of programs of soil and water conservation and related natural resource conservation; including, but not limited to, wildlife areas, watershed management, water quality, woodland, urban, agricultural and recreation areas.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***A. Basis of Presentation***

The District's resources are allocated to and accounted for in these basic financial statements as an enterprise fund type of the proprietary fund. A fund is a self-balancing set of accounts. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies. Net position for the enterprise fund represents the amount available for future operations.

***B. Basis of Accounting***

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of this fund are included on the statement of net position. Net position is segregated into the net investment in capital assets, amounts restricted and amounts unrestricted. Enterprise fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position.

The District uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange include revenues from grants, entitlements, and donations. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. When such funds are received, they are reported as unearned revenue until the earnings process is complete. Operating revenues and expenses consists of those revenues and expenses that result from the ongoing principal operations of the District. Operating revenues consist primarily of property taxes and assessments and grants and contracts. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities.

GUADALUPE-COYOTE RESOURCE CONSERVATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONT'D)**

**B. Basis of Accounting - (Cont'd)**

Operating expenses include the cost of resource conservation activities, administrative expenses, and depreciation of capital assets (Currently, the District does not have any own capital assets). When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**C. Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on hand, cash held in a bank checking account, and cash pooled in the County of Santa Clara (County) Treasurer's pool. Investment in the County pool is available on demand.

For purposes of the statement of cash flows, the District considers all highly liquid investments with an original maturity of three months or less and amounts held in the County pool to be cash and cash equivalents.

**D. Receivables**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables consist mainly of amounts of grants and contracts receivable.

**E. Compensated Absences**

An employee's accrual of vacation and sick leave benefits (Temporary employees are not eligible for sick leave benefits) during any given pay period shall be pro-rated based upon his or her actual work rate (which includes the utilization of previously accrued leave) for that period for employees working more than 40 hours per week. Work rate is a percentage of the equivalent to fulltime employment and may not exceed 100%.

Accrued vacation hours may be taken from the date of hire, with the dates approved in advance by the immediate supervisor. Earned vacation time may be accrued up to 400 hours of vacation. Time beyond 400 hours may be accrued only at the approval of the Board. Upon termination, an employee will be compensated for vacation time accrued through his or her last day on the payroll.

Vacation leave is earned based on years of employment. Accrual rates are as follows:

<u>Length of Service</u>	<u>Yearly Rate</u>
0-5 years	15 days
5+ years	21 days

**F. Budgets and Budgetary Accounting**

The preliminary budget for the District is adopted by the Board of Directors for the District on or before June 30 for the ensuing year, and the final budget is adopted after notice and public hearing. The Board of Directors may amend the budget during the fiscal year. All appropriations lapse at the end of the fiscal year.

**GUADALUPE-COYOTE RESOURCE CONSERVATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONT'D)**

***F. Budgets and Budgetary Accounting - (Cont'd)***

The budget is prepared on a cash and expenses basis. Revenues are budgeted in the year receipt is expected; and expenses are budgeted in the year that the applicable purchase orders are expected to be issued.

***G. Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

***H. Revenue Recognition***

A major source of funding for the District is provided through taxes and assessments that are levied on parcels of land both developed and undeveloped. The taxes and assessments are due November 1 and February 1, and are delinquent if not paid by December 10 and April 10. The County bills and collects the charges, and deposits these into a common pool maintained by the County. The District then transfers funds to its bank account for operations.

**NOTE 3 - CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consisted of the following at June 30:

	2020	2019
Cash with County Treasurer Common Pool at fair market value	\$ 465,626	\$ 384,402
Cash in bank	19,615	38,007
Total	\$ 485,241	\$ 422,409

The District participates in the common investment pool of the County for the purpose of increasing earnings through investments activities, which is subject to state legal restrictions, and additional restrictions prescribed by the County. The County's common pool is insured or collateralized with securities held by the County or by its agent in the County's name. In March 1997, the Government Accounting Standards Board (GASB) issued Statement No. 31 "Accounting and Financial Reporting for Certain Investments and for External Investment Pools". This statement established accounting and financial reporting standards for investments and related investment income. Investments made by the County's Controller-Treasurer Department for the District are specifically covered by these guidelines. The District's portions of the fair value of the County's commingled pool at June 30, 2020 and 2019 are based on cash positions as of June 30, 2020 and 2019, respectively, in proportion to the entire cash held in the commingled pool. The District's funds in the bank are secured by the FDIC up to a maximum of \$250,000, which are fully insured for the years 2019 and 2020.

**GUADALUPE-COYOTE RESOURCE CONSERVATION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 4 - ACCOUNTS RECEIVABLE**

Accounts receivable consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Grants and contracts receivable	\$ 29,896	\$ 4,561
Interest and other receivable	<u>1,763</u>	<u>1,921</u>
Total	<u>\$ 31,659</u>	<u>\$ 6,482</u>

**NOTE 5 - COMPENSATED ABSENCES**

The following changes occurred during the years ended June 30:

	<u>2020</u>	<u>2019</u>
Beginning balance	\$ 18,599	\$ 11,538
Additions	<u>5,191</u>	<u>7,061</u>
Ending balance	<u>\$ 23,790</u>	<u>\$ 18,599</u>

**NOTE 6 - OPERATING LEASE**

The District and Civic Enterprises, Civic Office Building entered into the original Office Building Lease, dated October 23, 2012 for the lease of, including a load factor, approximately 880 rentable square feet of office space at the premises known as Suites 204-210 located at 888 North First Street, San Jose, California and the term of this lease amended to add an additional Five (5) year term commencing December 1, 2017 and ending November 30, 2022.

Future minimum lease payments including additional utilities, and in the aggregate, under this lease with remaining terms of one year or more consist of the following:

<u>Year ended June 30,</u>	<u>Amount</u>
2021	\$ 15,600
2022	16,650
2023	<u>7,250</u>
Total	<u>\$ 39,500</u>

**NOTE 7 - UNRESTRICTED NET POSITION**

The District's financial policy obliges to establish and maintain a minimum unrestricted net position balance in the general fund equal to six months of annual revenue. Unrestricted net position as of June 30, 2020 and 2019 was \$486,988 and \$395,879, respectively.



**GUADALUPE-COYOTE RESOURCE CONSERVATION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 8 - RESTATEMENT**

During the year ended June 30, 2019, the district determined that changes to the beginning of the year net position were necessary to record the correct investment income according to GASB 31. This resulted in a correction to the net position as of June 30, 2019 by \$588.

**NOTE 9 - SUBSEQUENT EVENTS**

The management has evaluated all subsequent events through December 22, 2023, the date through which the financial statements were available to be issued and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

## COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Guadalupe-Coyote Resource Conservation District  
San Jose, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and general fund of the Guadalupe-Coyote Resource Conservation District (the "District"), as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 22, 2023.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Harshmal & Company LLP*

Oakland, California  
December 22, 2023

GUADALUPE-COYOTE RESOURCE CONSERVATION DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
YEARS ENDED JUNE 30, 2020 AND 2019

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weakness?	None reported
• Noncompliance material to financial statements noted?	No